Fiscal Estimate - 2007 Session

Original Updated	Corrected Supplemental		
LRB Number 07-4003/1	Introduction Number SB-569		
Description An income and franchise tax exemption for	income derived from manufacturing		
Fiscal Effect			
Appropriations Decrease Existing	ncrease Existing Revenues Decrease Existing Revenues Increase Costs - May be possible to absorb within agency's budget Yes Decrease Costs		
Permissive Mandatory	5.Types of Local Government Units Affected Towns Village Citie Counties Others Cermissive Mandatory Cermissive Mandatory Decrease Revenue Counties Others		
Fund Sources Affected ☑ GPR ☐ FED ☐ PRO ☐ PRS	Affected Ch. 20 Appropriations SEG SEGS		
Agency/Prepared By	Authorized Signature Date		
DOR/ Michael Oakleaf (608) 261-5173	Rebecca Boldt (608) 266-6785 4/9/2008		

Fiscal Estimate Narratives DOR 4/9/2008

LRB Number	07-4003/1	Introduction Number	SB-569	Estimate Type	Original
Description					
An income and franchise tax exemption for income derived from manufacturing					

Assumptions Used in Arriving at Fiscal Estimate

This bill exempts income derived from manufacturing, as defined in s. 70.955, from the income and franchise tax.

It is unclear whether the intent of the bill is to exempt gross income derived from manufacturing or to exempt income net of deductions, where both the income and deductions are derived from manufacturing. Based on simulations using the tax year 2003 tax model for corporations with a SIC or NAICs code that identifies the taxpayer as a manufacturer, and applying current law single-sales factor apportionment and inflating the dollars based on the increase in corporate tax collections from FY 2004 through FY 2010 (estimated), and assuming that the intent of the bill is to exempt the gross income derived from manufacturing, the bill would result in an estimated annual loss of revenue of \$55.4 million. If it is assumed that the bill exempts net income derived from manufacturing, the bill would result in an estimated annual revenue loss of \$44.1 million.

The fiscal effect could be higher to the extent that taxpayers would be eligible to claim a partial exemption for activities that meet the criteria in s. 70.955, even if their principal activity is not manufacturing and as such do not use a SIC or NAICs code in the manufacturing series on their tax return.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

LRB Number 07-4003/1	Introduction Number	SB-569		
Description An income and franchise tax exemption for				
I. One-time Costs or Revenue Impacts fo annualized fiscal effect):	or State and/or Local Government (d	do not include in		
II. Annualized Costs:	Annualized Fiscal Im	Annualized Fiscal Impact on funds from		
	Increased Costs	Decreased Costs		
A. State Costs by Category	The Committee of the Co			
State Operations - Salaries and Fringes	\$	\$		
(FTE Position Changes)				
State Operations - Other Costs				
Local Assistance				
Aids to Individuals or Organizations				
TOTAL State Costs by Category	\$	\$		
B. State Costs by Source of Funds				
GPR		· · · · · · · · · · · · · · · · · · ·		
FED		the service of the service of the service of		
PRO/PRS	Provinces and applicable and in the provinces and a superior of the contract of the contract of the contract of			
SEG/SEG-S				
III. State Revenues - Complete this only revenues (e.g., tax increase, decrease in	when proposal will increase or dec n license fee, ets.)	rease state		
	Increased Rev	Decreased Rev		
GPR Taxes	\$	\$		
GPR Earned				
FED				
PRO/PRS				
SEG/SEG-S	v i			
and the second of the second s	\$	\$		
TOTAL State Revenues				
TOTAL State Revenues	UALIZED FISCAL IMPACT			
TOTAL State Revenues	UALIZED FISCAL IMPACT State	Loca		
TOTAL State Revenues	State \$	\$		
TOTAL State Revenues NET ANN	State	\$		
NET CHANGE IN COSTS	State \$	Loca \$ \$ Date		